

Message From the Chief Financial Officer

I am pleased to present the Nuclear Regulatory Commission's financial statements for FY 2003, an integral part of the agency's FY 2003 *Performance and Accountability Report*. Our independent auditor has rendered an unqualified opinion on our financial statements for the tenth consecutive year. This opinion attests to the fact that NRC's financial statements are fairly presented and demonstrates discipline and accountability in the execution of our responsibilities as stewards of the American taxpayers' dollars.

I note with great pride that, NRC received its second Association of Government Accountants' Certificate of Excellence in Accountability Reporting for its FY 2002 *Performance and Accountability Report*. This award is one of the highest forms of recognition for Federal performance and financial reporting.

Through the efforts and teamwork of program, financial management and audit staff, the NRC continues to be successful in achieving our goals and ensuring that our operations provide timely and reliable information that is used to promote results, accountability, and efficiency. During FY 2003, we successfully resolved the remaining auditor-identified material internal control weakness and substantial non-compliance with the Federal Financial Management Improvement Act. We accelerated by 6 weeks, the completion of this Report. We also implemented the Federal E-Payroll initiative on November 2, 2003, by successfully transitioning to the Department of Interior's National Business Center for our personnel and payroll services.

As of September 30, 2003, the financial condition of the NRC is sound with respect to having sufficient funds to meet its mission and having sufficient control of these funds to ensure our budget authority is not exceeded. We successfully collected \$526.3 million in fees paid by NRC licensees, or approximately 100 percent of the agency's budget that is subject to fees. Our year-end delinquent debt was only \$2 million, less than one-half of one percent of the fees collected. Payments to commercial vendors subject to the Prompt Payment Act were 94 percent on-time, and 99 percent of payments were made electronically. Improper payments were limited to less than one-half of one percent of payments made.

The NRC is committed to effective and efficient management of its resources and is implementing the President's Management Agenda. Our goals and strategies for improving financial management are centered on maintaining unqualified audit opinions with no material internal control weaknesses, meeting new reporting requirements, and implementing E-Government initiatives. We are addressing concerns identified as reportable conditions by the auditors in their review of the NRC's financial statements. We expect to meet the challenge of the FY 2004 reporting due date of November 15, 2004.

Your suggestions to make NRC's *Performance and Accountability Report* more informative and interesting are welcomed. I invite you to send comments by electronic mail to PerformanceandAccountability@nrc.gov.

I anticipate another productive year in 2004 and continuation of the same high level of quality financial services that resulted in our past successes. While we make progress, we are mindful of our support role in getting an unqualified audit opinion on the *Financial Report of the United States Government*.

/RA/

Jesse L. Funches
December 19, 2003